

# EXHIBIT A

# BakerHostetler

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October 12, 2018

### VIA OVERNIGHT MAIL AND E-MAIL

Kmart Corporation  
and Kmart Operations LLC  
Attn: Robert W. Rathke  
3100 West Big Beaver Road  
Troy, MI 48084-3163  
Email: rrathke@kmart.com

Sears, Roebuck and Co.  
3333 Beverly Road  
Hoffman Estates, IL 60179

Sears Holdings Corporation  
Attn: Loren Karnick  
3333 Beverly Road, B6-309A  
Hoffman Estates, IL 60179  
Email: loren.karnick@searshc.com

*Re: Demand for Adequate Assurance of Performance*

Dear Ms. Karnick:

As you are aware, American Greetings Corporation (“AG”), and Kmart Corporation, Sears Roebuck and Co., Sears Operations LLC, and Kmart Operations LLC (collectively, the “Buyer”) are parties to certain agreements (collectively, the “SBTA”)<sup>1</sup> governing the

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<sup>1</sup> AG and Buyer previously executed an Agreement effective as of January 1, 1997, as extended by the terms of that certain letter agreement dated April 1, 1999, as amended by that certain First Amendment to Agreement dated June 4, 2001, as further amended by that certain Second Amendment to Agreement dated February 28, 2003, as further amended by that certain Third Amendment to Agreement dated January 27, 2006, as amended by the terms of that certain music cards letter agreement dated July 11, 2007, as further amended by that certain Fourth Amendment to Agreement dated July 18, 2007, as modified by that certain Limited Waiver Agreement dated October 15, 2009, as further modified by that certain Joinder Agreement to Scan Based Trading Agreement dated June 29, 2015 (collectively, the “SBTA”).

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distribution and retail sales of certain greeting cards and related products (collectively, the “**Merchandise**”) on scan-based trading (“**SBT**”) method of sales.

Under the SBT protocol, Buyer receives and accepts Merchandise on a consignment basis, under which title to all Merchandise is reserved with AG until the register scan and sale of the Merchandise to retail customers. AG filed UCC-1 financing statements in Michigan, Delaware and New York, and provided notice thereof to other parties, in order to protect its interest in the Merchandise. In fact, AG’s UCC-1 financing statements with respect to Kmart Corporation and Kmart Operations LLC pre-date the UCC-1 financing statements filed by Bank of America, N.A. To the extent that title in the Merchandise has passed to Buyer, AG has a first priority security interest in such Merchandise and the proceeds thereof.

Buyer’s financial distress and preparations for bankruptcy are well documented. Recent news articles published by NBC News, USA Today, CNN, and Yahoo Finance all indicate that Buyer is on the brink of bankruptcy. It is AG’s understanding that if Buyer files for bankruptcy, the most likely outcome will be the liquidation of Buyer’s stores.

In light of Buyer’s financial condition, AG has substantial grounds of insecurity regarding Buyer’s ability to perform under the terms of the SBTA, generally. In addition, AG is concerned that Buyer may attempt to liquidate its assets in a manner that is inconsistent with the SBTA and/or attempt to grant liens in the Merchandise that are inconsistent with AG’s interest in the Merchandise and the proceeds thereof.

Based on the foregoing, pursuant to UCC § 2-609, as enacted in the applicable states, AG hereby demands that Buyer provide written adequate assurance of its ability and willingness to perform under the SBTA, including confirmation that Buyer will not attempt to pledge the Merchandise or proceeds thereof as collateral to secure any debtor-in-possession financing facility. AG demands that Buyer provide such assurance in writing on or before **5:00 p.m. Eastern Time, on October 15, 2018.**

Please contact me if you would like to discuss this matter. I can be reached at **(216) 861-7418** (direct dial).

Sincerely,



Eric R. Goodman

*Counsel for American Greetings Corporation*